



Public Service Commission
State of North Dakota

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State Capitol - 600 E. Boulevard
Bismarck, North Dakota 58505-0480
e-mail: msmail.sab@oracle.psc.state.nd
TDD 800-366-6888
Fax 701-328-2410
Phone 701-328-2400

COMMISSIONERS

Leo M. Reinbold
President
Bruce Hagen
Susan E. Wefald

FCC MAIL ROOM

October 22, 1997

Executive Secretary
Jon H. Mielke

Universal Service Administrative Company
100 South Jefferson Rd.
Whippany, NJ 07981

RE: CC Docket Number 96-45, DA 97-1892
NDPSC Case No PU-439-96-149

SCHOOL AND LIBRARY DISCOUNT MATRIX FOR NORTH DAKOTA

By order dated August 27, 1997, the North Dakota Public Service Commission adopted the attached intrastate discount matrix.

By letter dated July 2, 1997, the North Dakota Public Service Commission requested waiver from the Federal Communications Commission for companies that may not be subject to our rate jurisdiction. That waiver request is pending.

The NDPSC is also proposing a rule to adopt the intrastate discount matrix. The rulemaking proceeding is not yet complete.

Please provide written confirmation that North Dakota has complied with the federal requirement to adopt an intrastate discount matrix.

Sincerely,


Bruce Hagen
Commissioner


Leo M. Reinbold
President


Susan E. Wefald
Commissioner

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STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

**Public Service Commission
Universal Service - FCC
PSC Comments/Letters**

Case No. PU-439-96-149

ORDER

**ADOPTING THE FEDERAL UNIVERSAL SERVICE TELECOMMUNICATIONS
DISCOUNT FOR SCHOOLS AND LIBRARIES FOR NORTH DAKOTA**

August 27, 1997

The Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (Act) provides for discounted rates on designated telecommunications services for eligible schools and libraries. Specifically, Section 254(h)(1)(B) provides that the discount shall be an amount that the Federal Communications Commission (FCC) determines for interstate services, and the state determines for intrastate services, to ensure affordable access to and the use of such services by schools and libraries.

On May 8, 1997, the FCC issued its Universal Service Report and Order, CC Docket 96-45, Order No. 97-157 (Order), together with administrative rules, implementing key portions of Section 254 of the Act. The Order identifies the services to be discounted, sets forth the discount for interstate services, sets January 1, 1998, as the commencement date for the discount, and establishes a fund for schools and libraries of \$2.25 billion.

The Order also provides that unless a state adopts discounts for intrastate services at least as large as the federal discounts for interstate services, the schools and libraries in the state will not qualify for the federal discount on any services.

The Commission recognizes that its jurisdiction is unclear in this matter. In order to protect the interests of schools and libraries in North Dakota, and in order to clarify the procedures that need to be followed in this case, the Commission requested a waiver from the FCC on July 8, 1997.

On July 16, 1997, the Commission issued a notice of opportunity for hearing regarding adopting the federal universal service telecommunications discount for schools and libraries for North Dakota which provided that comments or a request for hearing must be filed with the Commission in writing by August 18, 1997.

Comments were received from the rural Telephone Company Group, a group of rural telephone cooperatives and small independent telephone companies, informing the Commission that it supported discounts for state schools and libraries and informing the Commission that each member of the group would be filing tariffs incorporating the federal discount matrix into the company price schedules.

Comments were also received from the State Library, urging the Commission to adopt a schedule of reduce rates for schools and libraries.

No other comments were received. No requests for hearing were received.

Insofar as the Public Service Commission is the proper entity under federal law to set a discount for intrastate service for schools and libraries, and insofar as the Commission has jurisdiction under state law over telecommunication service providers to set discounts for intrastate telecommunication service providers for schools and libraries, the Commission adopts the federal discounts for North Dakota which are:

SCHOOLS AND LIBRARIES DISCOUNT MATRIX			DISCOUNT LEVEL
% of Students Eligible for National School Lunch Program	Estimated % of US Schools in Category	Urban Discount	Rural Discount
<1	3	20	25
1-19	31	40	50
20-34	19	50	60
35-49	15	60	70
50-74	16	80	80
75-100	16	90	90

Order

The Commission orders:

1. The discounts to schools and libraries for designated North Dakota intrastate telecommunications services shall be the same as the discounts set by the FCC for interstate services as set forth in the FCC's order dated May 8, 1997, in CC Docket 96-45, Order No. 97-157.

PUBLIC SERVICE COMMISSION


Bruce Hagen
Commissioner


Leo M. Reinbold
President


Susan Weald
Commissioner